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KARNATAKA LEGISLATIVE ASSEMBLY

NOTIFICATION

No. 12496 *L.A./L, dated* 19*th February* 1975.

The following Bill was introduced in the Legislative Assembly on the 18th February 1975.

THE KARNATAKA LEATHER AND LEATHER PRODUCTS (DEVELOPMENT) BILL, 1975

(L.A. Bill No. 1 of 1975)

A Bill to provide for the establishment of a Board to promote, assist and encourage the growth and development of leather and leather products in the State of Karnataka and for matters connected therewith;

Whereas it is necessary to provide for the establishment of a Board to promote, assist and encourage the establishment, growth and development of leather and leather products in the State of Karnataka and for matters connected therewith;

Be it enacted by the Karnataka State Legislature in the Twenty-sixth year of the Republic of India as follows :—

CHAPTER I

Preliminary.

1. **Short title, extent and commencement.**—(1) This Act may be called the Karnataka Leather and Leather Products (Development) Act, 1975.

(2) It extends to the whole of the State of Karnataka

(3) It shall come into force on such date as the State Government may, by notification, appoint.

2. **Definitions.**—In this Act, unless the context otherwise requires,—

(1) "Board" means the Karnataka State Leather and Leather Products Development Board established under section 3;

(2) "Chairman" means Chairman of the Board.

CHAPTER II

Leather and Leather Products Development Board.

3. **Establishment of the Board.**—(1) With effect from such date as the State Government may, by notification, appoint in this behalf, there shall be established for the purposes of this Act, a Board to be called the Karnataka Leather and Leather Products Development Board.

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal with power to acquire, hold and dispose of property both movable and immovable, and to contract, and shall by the said name sue and be sued.

4. **Constitution of the Board.**—(1) The Board shall consist of such number of members not exceeding twenty five as the State Government may appoint. One of the members shall be appointed by the State Government as the Chairman.

(2) The Chairman or any other member of the Board may at any time resign his office by a letter of resignation addressed to the State Government:

Provided that the resignation shall not take effect until it is accepted.

(3) The Chairman and other members shall be entitled to such allowances and such conditions of service in respect of leave and other matters as may be prescribed, and the allowances shall be paid from the funds of the Board.

(4) Subject to the pleasure of the State Government the term of office of the Chairman and the other members of the Board shall be three years from the date of publication of their names in the official Gazette:

Provided that the term of office of the outgoing members shall be deemed to extend to and expire with the date on which the names of their successors are published in the official Gazette.

(5) The Chairman and the other members shall be eligible for re-appointment.

(6) Any casual vacancy shall be filled by the State Government by nomination and the person so nominated shall hold office so long only as the member in whose place he is nominated would have held it, if the vacancy had not occurred.

5. **Disqualification for appointment on the Board.**— (1) A person shall be disqualified for being appointed, or for continuing, as a member of the Board, if he—

(a) holds any office of profit under the Board; or

(b) is of unsound mind and stands so declared by a competent court; or

(c) is an undischarged insolvent or has applied for being adjudged an insolvent; or

(d) has been convicted of an offence which involves, in the opinion of the State Government, moral turpitude; or,

(e) has directly or indirectly by himself, by his wife or son or by any partner, any share or interest in any subsisting contract or employment with, by, or on behalf of, the Board; or

(f) is a secretary or manager or other salaried officer of any incorporated company or any co-operative society which has any share or interest in any contract or employment with, by, or on behalf of the Board:

Provided that a person shall not be disqualified under clauses (e) and (f) or be deemed to have any share or interest in any contract or employment with, by, or on behalf of the Board, by reason only of—

(i) his, or of the incorporated company or a co-operative society of which he is secretary, manager or other salaried officer, having a share or interest in any newspaper in which any advertisement relating to any affairs of the Board is inserted, or

(ii) his being a share holder of such a company or society,

if he has disclosed to the State Government from time to time the nature and extent of the share held by him or the company or the society.

(2) If a member becomes subject to any of the disqualifications specified in sub-section (1), he shall be deemed to have ceased to be a member from the date when the disqualification was incurred.

6. Removal or suspension of a member of the Board.– (1) The State Government may, after such inquiry as may be necessary, remove from office the Chairman or any other member, if he–

(a) refuses to act; or

(b) has become incapable of acting; or

(c) has abused his position in the Board so as to render his continuance on the Board detrimental to its interest; or

(d) fails, without such reason as may in the opinion of the State Government be sufficient, to attend three consecutive meetings of the Board; or

(e) ceases to reside in the State of Karnataka; or

(f) has since his appointment incurred any of the disqualifications specified in section 5; or

(g) is otherwise unsuitable to continue on the Board.

(2) No order of removal under sub-section (1) shall be made unless the Chairman or the member concerned has been given a reasonable opportunity of being heard:

Provided that the Chairman or a member may be suspended by the State Government pending an enquiry against him.

(3) The Chairman or a member who has been removed under clause (c) or (f) sub-section (1) shall not be eligible for appointment to the Board as member or in any other capacity.

7. **Proceedings not to be invalidated.**—No act or proceeding of the Board shall be invalidated merely by reason of any vacancy in its membership on account of resignation, death or removal or otherwise, or any defect in the constitution of the Board, or irregularity in the procedure of the Board not affecting the merits of the case.

8. **Appointment of members of staff of the Board and their conditions of service.**—(1) The State Government shall in consultation with the Board, appoint a Secretary to the Board.

(2) The State Government shall from among its officers appoint an Accounts Officer to the Board.

(3) The remuneration, allowances and conditions of service of the Secretary and the Accounts Officer shall be such as the State Government may specify, and their remuneration and allowances shall be paid from the funds of the Board.

(4) Subject to such rules as may be prescribed, the Board may appoint such members of the staff as it may consider necessary.

(5) The remuneration, allowances and other conditions of service of the members of the staff of the Board shall be such as may be prescribed.

9. **Committees of the Board.**—Subject to such rules as may be made in this behalf, the Board may from time to time appoint one or more committees for the purpose of securing efficient discharge of its duties and performance of its functions and in particular for the purpose of securing that the said functions are performed with due regard to the circumstances and requirements of any particular area or any specified matter.

10. **Meetings of the Board.**—(1) The Board shall ordinarily meet at least once in every two months. The Chairman may, at any time, and shall, upon the written

request of not less than one third of the members of the Board, and on a date not more than ten days after the receipt of such request, call a special meeting of the Board.

(2) The Chairman shall preside over every meeting of the Board and in his absence the members present at the meeting shall elect one from among themselves to preside over such meeting.

11. **Power to make contracts.**—(1) The Board may enter into and perform all such contracts as it may consider necessary of expedient for carrying out any of the purpose of this Act and every contract shall be made on behalf of the Board by the Chairman:

Provided that—

(a) no contract, estimate or tender involving an expenditure exceeding rupees two lakhs shall be made without the previous sanction of the State Government;

(b) (i) no contract involving an expenditure exceeding rupees ten thousand shall, subject to clause (a)., be made without the previous sanction of the Board,

(ii) no estimate or tender involving an expenditure exceeding rupees ten thousand shall subject to clause (a), be sanctioned or accepted without the previous sanction of the Board.

(2) Every contract made by the Chairman on behalf of the Board shall, subject to the provisions of this section be entered into in such manner and form as may be prescribed.

(3) No contract executed in a manner not provided in this section and the rules made thereunder shall be binding on the Board.

CHAPTER III

Functions and the Powers of the Board.

12. **Functions of the Board.**—(1) It shall be the duty of the Board to organise, promote, assist and encourage the establishment, growth and development of leather and leather products and to perform such other functions as the State Government may from time to time prescribe.

(2) Without prejudice to the generality of the provisions of sub-section (1) the Board shall, subject to such regulations as may be made by it, discharge and perform all or any of the following duties and functions, namely :—

(a) to render such assistance as may be necessary to any person carrying on activities relating to development of leather and leather products ;

(b) to organise and aid co-operative societies for the purpose of promoting said activities ;

(c) to arrange for—

(i) the manufacture and supply of tools, implements and other equipment required for purposes of promoting the said activities ;

(ii) the sale of the products resulting from the said activities ;

(d) to conduct training centres ;

(e) to arrange for publicity to popularise the said products by opening stores, shops, emporia or by exhibitions ;

(f) to undertake and encourage research work with leather and leather based industries ;

(g) to maintain or assist in the maintenance of institutions for the development of leather and leather products ;

(h) such other functions as may be prescribed for the purpose of carrying out the objects of this Act.

13. **General powers of the Board.**—The Board shall, for the purposes of carrying out its functions under this Act have the following powers, namely:—

(i) to acquire and hold such movable and immovable property as it deems necessary and to lease, sell or otherwise transfer any such property:

Provided that no immovable property shall be leased, sold or otherwise transferred except with the previous sanction of the State Government;

(ii) to incur expenditure and undertake such works in any area in the State as it may consider necessary for the purpose of carrying out the provisions of this Act or as may be entrusted to it by the State Government subject to the provisions of this Act and the rules made thereunder;

(iii) to sanction loans, grants and subventions, subject to such rules as may be prescribed.

CHAPTER IV

Preparation and submission of Programmes.

14. **Preparation and submission of annual programmes.**—(1) In each year the Board shall prepare and forward to the State Government a programme of work in such form and before such date as may be prescribed.

(2) The programme shall contain—

(a) such particulars of the work which the Board proposes to undertake or organise whether in part or in whole during the next year;

(b) such other particulars as may be prescribed.

15. **Sanction of programmes.**—The State Government may approve and sanction the programme with or without modifications.

16. **Supplementary programme.**—The Board may prepare and forward a supplementary programme for the sanction of the State Government in such form and before such date as may be prescribed and the provisions of sections 14 and 15 shall apply to such supplementary programme.

CHAPTER V

Finance, Accounts, Audit and Debts.

17. **Transfer of property.**—The State Government may transfer to the Board, buildings, land or any other property whether movable or immovable for use and management by the Board, on such conditions, as the State Government may deem fit, for the purpose of this Act.

18. **Subventions and loans to the Board.**—(1) The State Government may, from time to time, make subventions and grants to the Board for the purpose of this Act and for the implementation of any work which the State Government or the Central Government may entrust to it on such terms and conditions as the State Government may determine in each case.

(2) The Board may from time to time, with the previous sanction of the State Government and subject to the provisions of this Act and such conditions as the State Government may impose, borrow any sum required for the purpose of this Act.

19. **Funds of the Board.**—(1) The Board shall have its own fund and all receipts of the Board shall be credited thereto and all payments by the Board shall be met therefrom.

(2) The Board may accept grants, subventions, donations and gifts from the State and Central Governments or the All India Khadi and Village Industries Commission

or a local authority or any body or association, whether incorporated or not, or an individual for all or any of the purposes of this Act.

(3) The Board may receive loans from the State and Central Governments or the All India Khadi and Village Industries Commission or a local authority or a scheduled bank or a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 (Central Act 5 of 1970) or a financial institution approved by the Government or a Co-operative Bank registered under the Karnataka Co-operative Societies Act, 1959.

(4) All moneys belonging to the fund of the Board shall be deposited in such manner as the State Government may, by special or general order, direct.

(5) The accounts of the Board shall subject to such rules as may be prescribed, be operated upon by such officers jointly or individually as may be authorised by the Board.

20. **Application of fund and property.**—All property, fund and other assets of the Board shall be held and applied by it subject to the provisions and for the purposes of this Act.

21. **Budget.**—The Board shall on such date and in such form as may be prescribed prepare and submit to the State Government the budget for the next financial year showing estimated receipts and expenditure on capital and revenue accounts according to the programme.

22. **Sanction of Budget.**—The State Government may sanction budget submitted to it with such modifications as it may deem proper.

23. **Supplementary budget.**—The Board may submit a supplementary budget for the sanction of the State

Government in such form and before such date as the State Government may prescribe and the provisions of sections 21 and 22 shall apply to such supplementary budget.

24. **Annual report.**—The Board shall prepare and forward to the State Government in such manner as may be prescribed, an annual report within three months from the end of the financial year giving a complete account of its activities during the previous financial year. Every such report shall be laid before each House of the State Legislature as soon as may be after it is received by the State Government.

25. **Further report, statistics and returns.**—The Board shall, before such date and at such intervals and in such manner as the State Government may from time to time direct, submit to the State Government a report on such matters and such statistics and such returns as the State Government may direct.

26. **Accounts and audit.**—The accounts of the Board shall be maintained and an annual statement or accounts shall be prepared in such manner as may be prescribed. Such accounts shall be audited by an auditor appointed by the State Government.

27. **Recovery of moneys due to the Board as arrears of land revenue.**—(1) Where any sum payable to the Board under any agreement, express or implied or otherwise however, is not paid on or before the due date and the claim is not disputed, the Chairman shall send to the Deputy Commissioner a certificate under his hand indicating therein the sum due to the Board; and thereupon subject to the provisions of sub-section (2), the Deputy Commissioner shall recover the sum as an arrear of land revenue.

(2) If any question arises whether a sum is payable to the Board within the meaning of sub-section (1), it shall be referred to a Tribunal constituted by the State Govern-

ment for the purpose, which shall, after making such enquiry as it may deem fit, and after giving to the person by whom the sum is alleged to be payable a reasonable opportunity of being heard, decide the question and the decision of the Tribunal shall be final and shall not be called in question in any court or before any other authority.

(3) The Tribunal shall consist of a judicial officer not below the rank of a District Judge.

(4) The expenses of the Tribunal shall, subject to such rules as may be prescribed, be borne by the Board.

28. **Members of the Board and Members of the staff of the Board to be public servants.**—Members of the Board and members of the staff of the Board shall, while acting or purporting to act in pursuance of any of the provisions of this Act be deemed to be public servants within the meaning of section 21 of the Indian Penal Code 1860 (Central Act 45 of 1860).

29. **Protection of action under this Act.**—No suit, prosecution or other legal proceedings shall lie in respect of anything in good faith done or purported to be done under this Act against any member of the Board or any member of the staff of the Board.

30. **Dissolution of the Board.**—(1) The State Government may, by notification declare that with effect from such date as may be specified in the notification, the Board shall be dissolved and thereupon the Board shall be deemed to be dissolved and the Board and any committee constituted by it shall cease to function :

Provided that no such notification will be issued without giving the Board a reasonable opportunity of being heard.

(2) On and from the said date.—

(a) all properties and funds which immediately before the said date were in possession of the Board for the purposes of this Act shall vest in the State Government ;

(b) all members shall vacate office as members of the Board ; and

(c) all rights, obligations and liabilities (including any liability under any contract) of the Board shall become the rights, obligations and liabilities of the State Government.

31. **Power to make rules.**—(1) The State Government may, by notification, and subject to the condition of previous publication make rules for carrying out the purpose of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely :—

(a) the allowances of members of the Board under section 4 ;

(b) the manner and form in which contracts shall be entered into under section 11.

(c) the functions of the Board under section 12 ;

(d) the other particulars of the programmes under section 14 ;

(e) the form in which and the date before which the programme under section 14 and the supplementary programme under section 16 shall be submitted ;

(f) the form in which and the date before which the budget under section 21 and the supplementary budget under section 23 shall be submitted ;

(g) the manner in which the annual report shall be prepared and forwarded to the State Government under section 24 ;

(h) the manner of accounts and preparations of annual statement of accounts under section 26 ;

(i) remuneration, allowances and other conditions of service of members of the staff of the Board and the duties and functions of the Chairman, Secretary and Accounts Officers of the Board ;

(j) any other matter which is to be or may be prescribed, by or provided for by rules under this Act.

32. **Regulations.**—(1) The Board may by notification and with the previous sanction of the State Government, make regulations not inconsistent with this Act and the rules made thereunder for enabling it to perform its functions under this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters namely:—

(a) the procedure to be followed at meetings of the Board for conduct of business and the number of members which shall form a quorum at a meeting;

(b) functions and duties of the members of the staff of the Board;

(c) functions of the committees and the procedure to be followed by such committees in the discharge of their functions and the number of members which shall form a quorum at a meeting;

(d) conditions subject to which the Board may discharge and perform the functions under sub-section (2) of section 12.

33. **Laying of rules, regulations before State Legislature.**—Every rule made under this Act and every regulations made under section 32 shall be laid, as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session, immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation shall not have effect, the rule or regulation shall from the date on which the modification or annulment is notified by the State Government in the official Gazette have effect only in such modiffed form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

STATEMENT OF OBJECTS AND REASONS

The leather and leather based industries in Karnataka State are mostly confined to hereditary craftsmen. This industry which comprises of tanning, foot-wear manufacture and other leather processing activities has not been able to make much headway due to lack of initiative and backwardness of the people engaged in the industry and lack of adequate attention to this industry by financing agencies and other organisations. The leather and leather based industries are highly labour oriented and provide employment to about 8,000 families in Karnataka State. Given adequate encouragement and assistance to this industry, it is possible to augment the export of leather and leather goods from the State to a considerable extent.

It is found necessary to constitute a statutory Board for the speedy development of leather industry. The proposed Board will organise, assist and train the people engaged in leather and leather based industries, and help them in raising their standards of living.

Hence this Bill.

FINANCIAL MEMORANDUM

Clause 4 (3) of the Bill provides for payment of allowances to the Chairman and other Members and Clause 8 (3) for payment to the staff of the Board. The total expenditure on the above is estimated at Rs. 2.65 lakhs recurring and Rs. 1.35 lakhs non-recurring. As and when the work of the Board expands, additional staff may have to be appointed with corresponding increase in expenditure.

The proposed Board will take over the schemes and other activities relating to Leather and Leather Based Industries now being handled by the Department of Industries and Commerce.

With the enlargement of the scope of the activities of the proposed Board it is expected that the Board will take over the schemes relating to Leather and Leather Based Industries from the Khadi and Village Industries Board. The Board may then receive further financial assistance from the Khadi and Village Industries Commission. It is difficult to indicate precisely the order of flow of funds on this account at the present stage.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4.—Sub-clause (3) empowers the State Government to prescribe by rules the allowances and the conditions of service to which the Chairman and Members are entitled to.

Clause 11.—Sub-clause (2) empowers the State Government to prescribe by rules the manner and the form in which contracts shall be entered into.

Clause 12.—This clause empowers the State Government to prescribe by rules the other functions of the Board.

Clause 13.—This clause empowers the State Government to prescribe the rules subject to which loans, grants and subventions shall be sanctioned.

Clause 14.—This clause empowers the State Government to prescribe by rules the other particulars of the programme and the form of the programme, etc.

Clause 16.—This clause empowers the State Government to prescribe by rules the form of the supplementary programme and the date before which it shall be submitted.

Clause 19.—Sub-clause (5) empowers the State Government to prescribe the rules subject to which accounts shall be operated by the Officers of the Board.

Clause 21 and 25.—These clauses empowers the State Government to prescribe by rules the form of the budget and supplementary budget and the date before which the budget and the supplementary budget as the case may be shall be submitted.

Clause 26.—This clause empowers the State Government to prescribe by rules the manner of maintenance of accounts and preparation of annual statement of accounts.

Clause 27.—Sub-clause (4) empowers the State Government to prescribe the rules subject to which the expenses of the tribunal shall be borne by the Board.

Clause 31.—This clause empowers the State Government to make rules subject to the condition of previous publication and to prescribe by rules the remuneration, allowances and other conditions of service of the members of the staff and the duties and functions of the Chairman, Secretary and Accounts Officer.

Clause 32.—This clause empowers the Board to make regulations subject to the condition of previous sanction of the State Government and not inconsistent with the Act and the rules regarding the procedure to be followed at a meeting of the Board or Committee and the quorum at such meeting, the functions and duties of the members of the staff of the Board and the conditions subject to which the functions of the Board shall be performed.

Clause 33.—The Rules made under clause 31 and the regulations made under clause 32 are required to be laid before both Houses of the Legislature and are subject to modifications to be made by the Houses.

The proposed delegation of legislative power is of a normal character.

S. M. KRISHNA,

Te. Hanumanthappa,

Secretary

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